

ASX Announcement

14 April 2010

## Resource at Mt Marion Lithium Project in WA increases 220% to 128,000 tonnes of Li<sub>2</sub>O

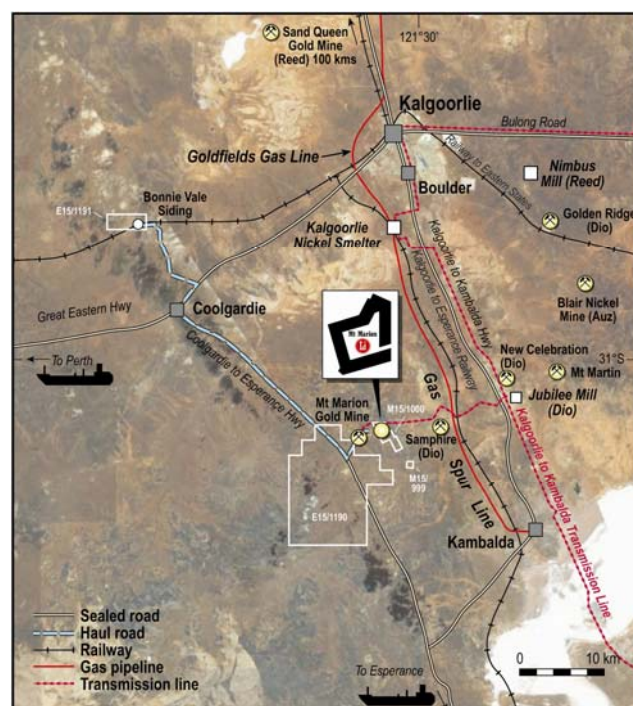
### HIGHLIGHTS

- **Mt Marion Lithium Project confirms its potential as a world-class high grade deposit, Total Resources of 8.9 Mt @ 1.4% Li<sub>2</sub>O.**
- **Total Lithium oxide (Li<sub>2</sub>O) contained tonnes increased by 220% to 128,000 due to additional drilling along-strike and down-dip.**
- **All deposits remain open along-strike and down-dip.**

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed”), together with joint venture partner Mineral Resources Limited (**ASX: MIN**) (“Mineral Resources”), continues to prove up the world class nature of its Mt Marion Lithium project near Kalgoorlie, Western Australia, with the total contained lithium oxide resource increase by 220%, to 128,000 tonnes (Li<sub>2</sub>O). The planned production rate, subject to a decision to mine, is 200,000 per annum of +6.5% Li<sub>2</sub>O concentrate, which contains 13,000 tonnes lithium oxide (Li<sub>2</sub>O).

This upgraded resource is the first at the project since the previous resource/reserve estimate was compiled in 1996 and reported in compliance with the JORC Code 1989 (see announcement 13 August 2009). In recent times, the Company has conducted an extensive drilling program at the project, these results, together with further modelling and evaluation of the deposits, are the basis of the new resource.

“This new resource estimate highlights the significant potential of the Mt Marion Lithium project and our opportunity to become a major participant in the world lithium market,” said Reed Resources Ltd Managing Director, Mr Chris Reed.



**Figure 1** Mt Marion Lithium Project Location

## RESOURCES

The geological model was prepared by way of a collaborative effort by Hellman and Schofield Pty Ltd ("H&S") and Reed, from data provided by Reed. Independent consultants H&S have completed data validation, analysis, domain coding and interpretation and subsequently undertaken a re-run of the Mineral Resource Estimates. The new estimates give total contained mineral resources for the Mt Marion Deposit of 128,000 tonnes of lithium oxide (Li<sub>2</sub>O) above a cut off grade of 0.3% lithium oxide, reported below in accordance with the JORC Code and Guidelines. Details of the previous resource/reserve estimate are included in Table 2 for comparison.

**Table 1 – April 2010 Mt Marion Mineral Resource Estimate**

(above 0.3% Li<sub>2</sub>O block cut-off)

Deposit	Resource classification	Tonnes	Grade (Li <sub>2</sub> O%)	Li <sub>2</sub> O (Tonnes)
No 1	<b>Indicated</b>	2,364,000	1.42	33,569
No 1	<b>Inferred</b>	1,219,000	1.3	15,847
	Subtotal	3,583,000	1.4	53,745
No 2	<b>Indicated</b>	391,000	1.37	5,357
No 2	<b>Inferred</b>	595,000	1.4	8,330
	Subtotal	985,000	1.4	13,790
No 2W	<b>Indicated</b>	1,606,000	1.4	22,484
No 2W	<b>Inferred</b>	2,513,000	1.4	35,182
	Subtotal	4,119,000	1.4	57,666
No 5	<b>Inferred</b>	237,000	1.2	2,844
	<b>Total</b>	<b>8,924,000</b>	<b>1.4</b>	<b>128,045</b>

*Figures may not sum due to rounding and notation of significant figures does not imply an added level of precision. A summary of resource modelling and estimation methodology are provided at the end of this announcement.*

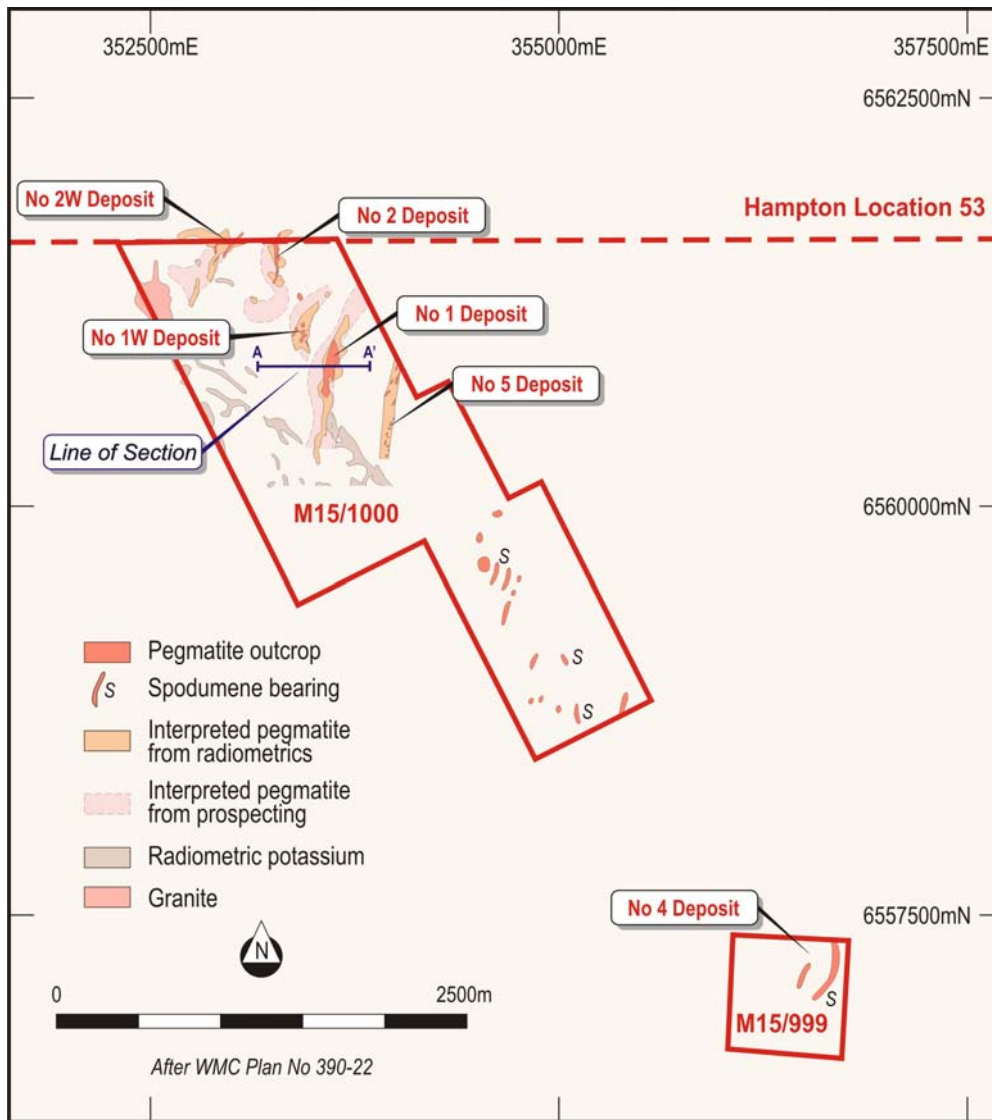
The resource estimate was based on 197 RC holes (9,959m) and 8 diamond holes (499m) drilled by the Joint Venturers. Collar positions of drill holes completed for the 2010 resource estimate are shown in Figure 3. Drillhole spacing ranges from 30 x 30m to 80m x 40m.

## FORWARD WORK

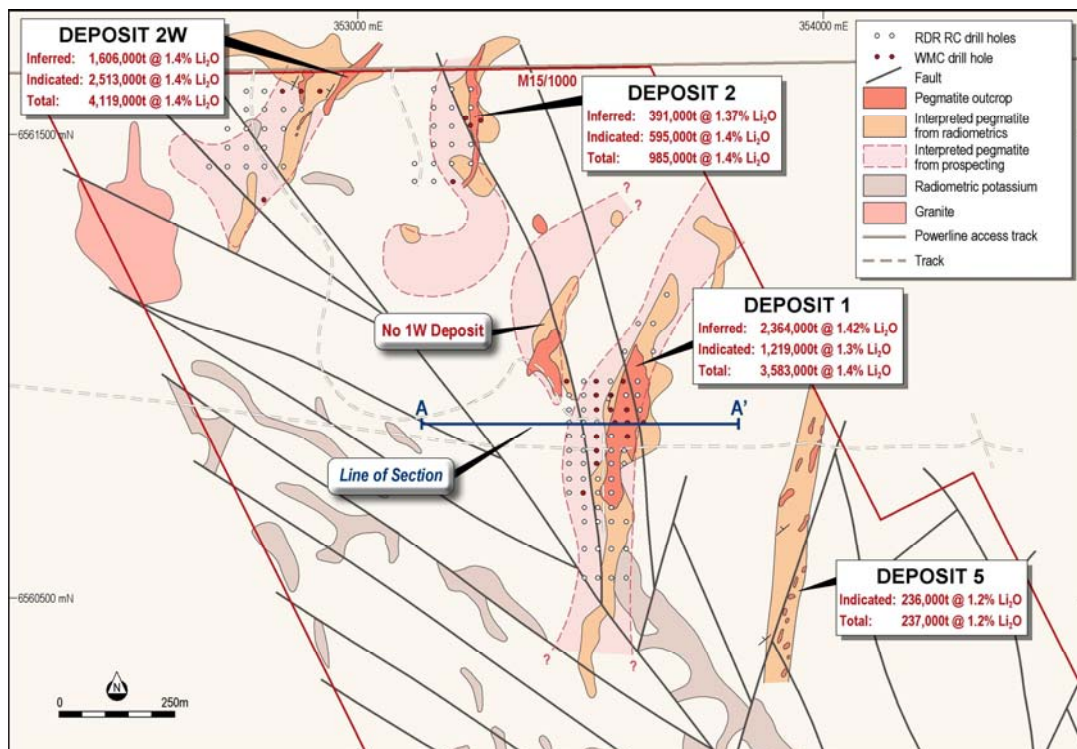
The Company is currently preparing a Mining Proposal and Works Approval for lodgement this month.

The Joint Venturers expect to mobilise a processing plant and related equipment with a production rate of 17,000 tonnes per month of +6.5% Li<sub>2</sub>O concentrate in 2010, subject to a decision to mine and obtaining all necessary approvals.

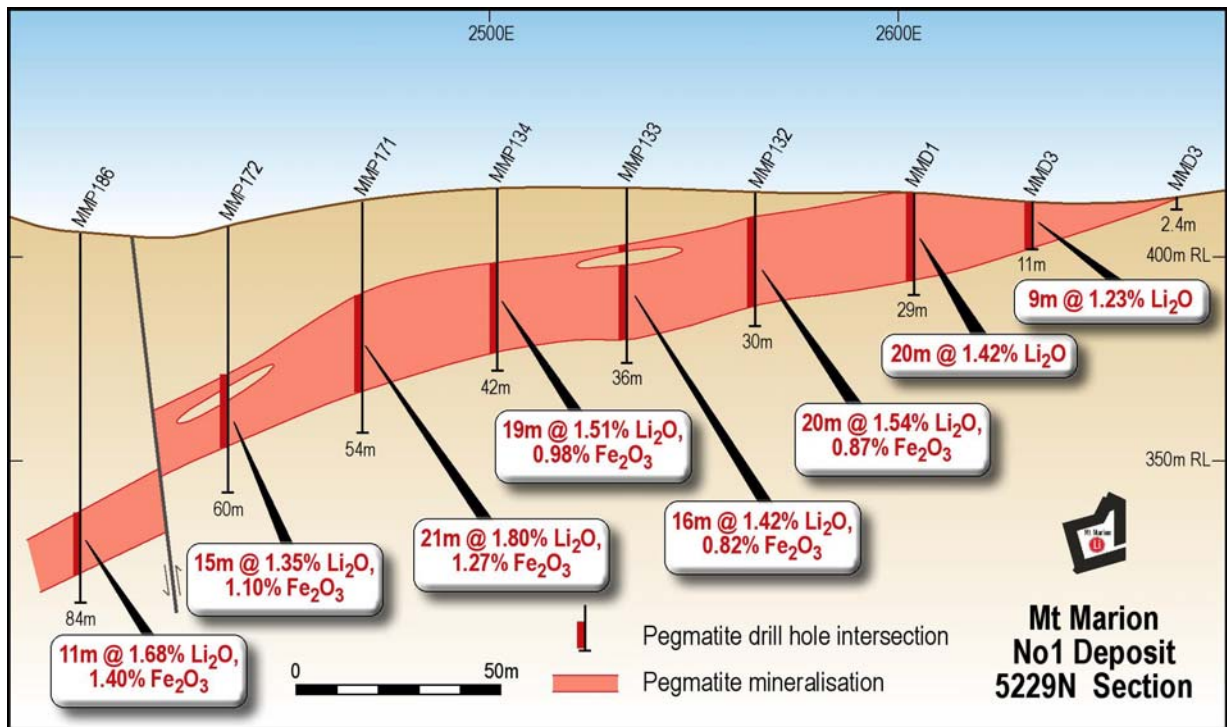
C J Reed  
**MANAGING DIRECTOR**



**Figure 2** Mount Marion pegmatite group within mining leases M15/999 and M15/1000.



**Figure 3** Mount Marion pegmatite group within the northern half of mining lease M15/1000.



**Figure 4** Cross section (A-A' in Figure 1) in the central part of the No.1 Deposit (interpretation by Bryan Smith Geosciences).

**Table 2 – 1996 Mt Marion Reserve and Resource Estimates**  
(Reported in accordance with the JORC Code 1989)

Deposit	Reserve/ Resource	Classification	Tonnes	Grade (Li <sub>2</sub> O%)	Li <sub>2</sub> O (Tonnes)
No. 1	Reserve	Proven	540,000	1.9	10,260
	Reserve	Probable	950,000	1.5	14,250
No. 2	Reserve	Probable	300,000	1.2	3,600
	<b>Reserve</b>	<b>Sub-total</b>	<b>1,790,000</b>	<b>1.57%</b>	<b>28,110</b>
No. 1	Resource	Inferred	1,000,000	1.5	15,000
No. 2W	Resource	Inferred	800,000	1.17	9,360
No. 4	Resource	Inferred	300,000	1.3	3,900
	<b>Resource</b>	<b>Sub-total</b>	<b>2,100,000</b>	<b>1.35%</b>	<b>28,260</b>
		<b>Total</b>	<b>3,890,000</b>	<b>1.45%</b>	<b>56,370</b>

All tonnage, grade and Li<sub>2</sub>O values have been rounded and slight errors may occur due to this rounding of values. A minimum cut-off grade of 1.2% Li<sub>2</sub>O was applied to No 1 Deposit, and a zero cut-off grade applied at the No.2, No.2 West and No.4 deposits. Strip ratios for the deposits ranged from 1:1 to 2:1.

## Competent Persons Statement

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and who is a Member of the Australian Institute of Geoscientists. Mr. Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Spiers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Geological aspects of this report that relate to Exploration Results have been compiled by Dr Bryan Smith (MAIG),(MAIMM), a consultant to Reed Resources Ltd. Dr Smith has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being reported on to qualify as a Competent Person as defined in the Code for Reporting of Mineral Resources and Ore Reserves. Dr Smith consents to the inclusion in the report of the matters in the form and context in which it appears.

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### Notes to accompany Mineral Resource estimates:

Hellman and Schofield Pty Ltd (H&S) was commissioned by Reed Resources Ltd (Reed) to undertake an estimation of Lithium resources at the Mt Marion project, in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) and guidelines.

Drill testing over the area has been variably in-filled to approximately 40m by 40m pattern densities over four main target areas, deposit 1, 2, 2W and 5.

H&S were supplied with a historical WMC database in imperial coordinates and recent RC drilling, some geophysical and geological information and interpretation. Within the collar file datasets for Mt Marion are 224 holes for a total of 10490.9 metres drilling. Drill holes were primarily reverse circulation drilled with 8 diamond holes completed of the 224 drill holes.

The resource estimate, as supplied by H&S, was based on a primary domain defined by the extent of localised pegmatite lithologies within each of the project areas and assay data provided by Reed as of March 2010. The mineralised domains were constructed by H&S in consultation with Reed Resources representative providing the structural, lithological context and geometry.

Down hole intercept were composited to 1 meter intervals and coded with the primary domain solid and exported to GS3 for geometry modelling. No top cuts were applied during the statistical analysis or subsequent modelling.

The estimation of block grade was undertaken within H&S's proprietary GS3 software in a single pass utilising a three dimensional ordinary kriging approach. Geometry modelling employed variography analysis to identify direction of mineralisation continuity.

Taking into account the following items inclusive of but not limited to the drill spacing, reproducibility of historical data, geological complexity, sampling and assaying appropriateness, recovery and density data and assumed information on local geological continuity, the classification of the Mt Marion Mineral Resources is in accordance with JORC (2004) code and guidelines.

All data was provided to H&S by Reed representatives, the collation of this data was a collaborative effort on the part of both parties (H&S and Reed). No independent checks were made by H&S with regard to assaying or sampling at a third party laboratory.

### ENDS

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## About Reed Resources

Reed Resources Ltd is a diversified mining and exploration Company based in Western Australia. It has modest gold production and is expanding and diversifying its production base. Reed Resources has five main projects (all in Western Australia) including;

- **Mount Marion** – High-grade Lithium project located about 40km south of Kalgoorlie in JV with Mineral Resources Ltd. First production planned by January 2011.
- **Comet Vale** – High-grade underground gold mine in Production JV with Kingsrose Mining Limited (resuming 100% equity on 1 June 2010).
- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-in with Barranco Resources NL.
- **Bell Rock Range** – Nickel-Copper-PGM Farm-out to Anglo American Exploration.

Website: [www.reedresources.com](http://www.reedresources.com)